

PAY FOR SUCCESS PROJECT DESIGN OPTIONS: INCREASING EARNINGS AND EMPLOYMENT

POLICY OBJECTIVE

Increase employment and earnings and address the skills gap for unemployed and underemployed individuals in vulnerable populations by providing targeted training and job readiness services



Federal spending on workforce development – through the Workforce Innovation and Opportunity Act, Career and Technical Education programs, and Adult Basic Education programs, among others – has decreased from \$10.1 M in 2000 to \$6.9 M in 2018, a drop of more than 30%



Since the late 1970s, wage gains have gone to workers at the top of the U.S. income distribution and declined or remained stagnant for the bottom 50% of workers

PFS PROGRAM DESIGN OPTIONS¹

<p>Target Population</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Unemployed or underemployed individuals <input type="checkbox"/> Immigrants and refugees <input type="checkbox"/> Veterans <input type="checkbox"/> Individuals locked out of access to traditional financing for vocational training services
<p>Intervention</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Individual Placement and Support <input type="checkbox"/> Vocational English training <input type="checkbox"/> Sector-based training <input type="checkbox"/> Intensive post-secondary supports <input type="checkbox"/> Alternative post-secondary models <input type="checkbox"/> Career and Technical Education (CTE) programs <input type="checkbox"/> Transitional labor programs
<p>Outcomes</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Increase in earnings <input type="checkbox"/> Program engagement <input type="checkbox"/> Increase in successful transitions to higher education <input type="checkbox"/> Increase in sustained competitive employment <input type="checkbox"/> Increase in job satisfaction
<p>Measurement</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Validation of administrative data <input type="checkbox"/> Pre-post assessment <input type="checkbox"/> Historical baseline comparison <input type="checkbox"/> Matched comparison (contemporaneous or historical) <input type="checkbox"/> Randomized control trial (RCT)

¹ These options represent areas that Social Finance has explored as suitable for Pay for Success; options shown here are not exhaustive.

PAY FOR SUCCESS IN ACTION: MASSACHUSETTS PATHWAYS TO ECONOMIC ADVANCEMENT

The Massachusetts Pathways to Economic Advancement Project aims to increase access to programs that assist adult English-language learners in making successful transitions to employment, higher wage jobs, and higher education. The project is a collaboration of the Commonwealth of Massachusetts, Jewish Vocational Service (JVS), and Social Finance.

Social Finance raised \$12.43 M to provide approximately 2,000 individuals with vocational English classes, occupational-skills training, and college-transition programming. This project is the third PFS initiative launched in Massachusetts to date, and the first PFS project in the nation to focus exclusively on workforce development.

THE CHALLENGE



The Greater Boston area is home to approximately 230,000 adult, English-language learners. This population faces significant barriers to employment: studies estimate that limited-English speakers in Massachusetts earn roughly \$24,000 less annually than immigrants who speak English fluently.



Vocational training for adult English-language learners can help address the skills gap in the near full-employed Massachusetts economy.

THE OPPORTUNITY



JVS is offering four program tracks that draw on 20+ years experience integrating adult basic education with contextualized English and job readiness preparation. These programs offer employment-focused English language classes, skills development, job search assistance, and college preparation and coaching. JVS's program tracks include:

Rapid Employment: to support immediately securing a first job

English for Advancement: to facilitate employment and job advancement

Occupational Skills Training: to facilitate employment in nursing or hospitality

Bridges to College: to support transitions into higher education

PROJECT TERMS

PFS Program Terms

- **Target Population:** English language learners in the Greater Boston area
- **Intervention:** Four program tracks offered by Jewish Vocational Service (JVS): Occupational Skills Training; English for Advancement; Rapid Employment; and Bridges to College
- **Outcomes:** (1) Increased earnings; (2) Successful transitions to higher education; (3) Program engagement
- **Measurement:** Pre-post assessment for Occupational Skills; randomized control trial for English for Advancement; validated outcomes for Rapid Employment and Bridges to College


Financial Terms


- **Scale:** 2,000 Individuals
- **Maximum Outcome Payments:** \$15 M
- **Outcome Payment Schedule:** Quarterly beginning in the 3rd quarter after project launch, contingent on outcomes achieved
- **Term:** 3 years of service delivery, 6 year investment term


PAY FOR SUCCESS IN ACTION: VETERANS COORDINATED APPROACH TO RECOVERY AND EMPLOYMENT

The Veterans Coordinated Approach to Recovery and Employment (Veterans CARE) Project aims to improve employment outcomes for Veterans with service-connected Post-Traumatic Stress Disorder. The project is a collaboration of the U.S. Department of Veterans Affairs, state and local governments, the Tuscaloosa VA Medical Center, and Social Finance. Social Finance raised \$5.1 M for the Veterans CARE project.


THE CHALLENGE

 Post-Traumatic Stress Disorder (PTSD) is pervasive among Veterans: up to 20% of Veterans from recent tours of duty have PTSD.

 Veterans with PTSD face significant barriers to employment: individuals with mental illness have higher rates of unemployment.

 A negative cycle exists between unemployment and PTSD: persistent unemployment is often linked to negative health conditions, including depression, which can exacerbate PTSD symptoms.

THE OPPORTUNITY

 Individual Placement & Support (IPS) is an evidence-based approach to supportive employment emphasizing an individual's needs and preferences and integrating mental health care. Over 20 randomized controlled trials have been conducted on IPS showing positive outcomes; two focused on Veterans with PTSD. Principles of IPS include:

- (1) Focus on **competitive employment**
- (2) Eligibility based on **client choice**
- (3) Integration of rehabilitation & **mental health services**
- (4) Attention to **worker preferences**
- (5) **Personalized benefits** counseling
- (6) **Rapid job search**
- (7) **Systematic job development**
- (8) **Time-unlimited**, individualized support

PROJECT TERMS

PFS Program Terms

- **Target Population:** Veterans with service-connected PTSD in Massachusetts and New York City
- **Intervention:** Individual Placement & Support
- **Outcomes:** (1) Earnings; (2) Sustained competitive employment; (3) Job satisfaction; (4) Fidelity to the IPS model
- **Measurement:** Self-reported outcomes are tracked over 18 months for program participants; earnings are validated by evaluator

Financial Terms

- **Scale:** 480 Individuals
- **Maximum Outcome Payments:** \$6 M
- **Outcome Payment Schedule:** Biannually beginning in the 5th quarter after project launch, contingent on outcomes
- **Term:** 3 years of service delivery; 4 year investment term